

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2020-21		FY 2021-22	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			See Below	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS			See Below	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 920 changes how the lottery funds used for education are distributed, transfers the powers and duties concerning the Excellence in Teaching Act from the Nebraska Department of Education to the Coordinating Commission for Postsecondary Education, and creates the Access College Early Scholarship Cash Fund and the Career-Readiness & Dual Credit Education Cash Fund which will be administered by the Coordinating Commission for Postsecondary Education and the Behavioral Training Cash Fund and College Credit Testing Fee Fund will be administered by Nebraska Department of Education.

Current Statute §9-812.4(a-f) - Distribution of 44.5% of lottery funds FY2016-17 through 2020-21:

- 62% - Nebraska Opportunity Grant Fund
- 17% - Department of Education Innovative Grant Fund
- 9% - Community College Gap Assistance Program Fund
- 8% - Excellence in Teaching Cash Fund
- 3% - Distance Education Incentives through Nebraska Education Improvement Fund §79-1337(1)
- 1% - Expanded Learning Opportunity Grant Fund

LB 920...Distribution of the 44.5% of lottery funds that are meant for Education:

FY2020-21:

- 100% - Nebraska Education Improvement Fund

FY2021-22 through FY2025-26:

- 58% - Nebraska Opportunity Grant Fund (Agency 48)
- 9.5% - Behavioral Training Cash Fund (Agency 13)
- 8% - Excellence in Teaching Cash Fund (Agency 48)
- 7% - Career-Readiness & Dual Credit Education Fund
 - First \$282,500 – State Department of Education Cash Fund (Agency 12)
 - Remaining Balance:
 - 40% - Access College Early Scholarship Cash Fund (Agency 48)
 - 45% - Career-Readiness & Dual Credit Education Cash Fund (Agency 48)
 - 15% - College Credit Testing Fee Cash Fund (Agency 13)
- 7% - Department of Education Innovative Grant Fund (Agency 13)
- 4.5% - Community College Gap Assistance Program Fund (Agency 48)
- 3% - Expanded Learning Opportunity Grant Fund (Agency 13)
- 3% - Nebraska Education Improvement Fund (Legislature)

Agency 12: State Treasurer

Agency 13: Nebraska Department of Education

Agency 48: Coordinating Commission for Postsecondary Education

EXPENDITURES:

For FY2021-22, the Nebraska Department of Education estimates that these changes will require them to reduce 1.0 FTE and add 3.75 new FTE's that will create operating expenses of \$564,076.

For FY2021-22, the Coordinating Commission for Postsecondary Education estimates that these changes will require them to add 2.0 FTE's that will create operating expenses of \$200,850.

The total increase in operating expenses is estimated to be \$764,926. Since the total amount of lottery revenue remains unchanged, the additional operating expenses will serve to reduce the revenue available for aid by a like amount.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB:	920	AM:	AGENCY/POLT. SUB: Dept. of Education
REVIEWED BY:	Gary Bush	DATE:	1/17/2020
		PHONE:	(402) 471-4161
COMMENTS: No basis to disagree with the estimate of revenue from Lottery Funds. The distribution of amounts appears to accurately reflect the distributions defined in LB920. The use of 9.7% of the lottery funds for administrative costs appears to be high.			

Please complete ALL (5) blanks in the first three lines.

2020

LB⁽¹⁾ 920

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Education

Prepared by: ⁽³⁾ Kim Snyder/Dean Folkers /Harlan Feather Date Prepared: ⁽⁴⁾ 1/14/2020 Phone: ⁽⁵⁾ 402.471.4740

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	20,500,078	20,500,078
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	_____	_____	20,500,078	20,500,078

Explanation of Estimate:

The high level general estimates of lottery funds provided for each of the funds is provided below. These are ESTIMATES based on past performance of the lottery resources with the new percentages for funds (proposed in LB920) applied to the total estimated amount for FY 21-22 year.

	<u>Estimated FY '21-22</u>	<u>Change from '20-21</u>
<u>Lottery Receipts (Based on 2018-19)</u>	<u>\$20,500,078</u>	<u>-0-</u>
NDE Innovation Grants	1,435,005	(2,050,007)
ACT Testing (All Juniors)	0	(1,800,000)
NDE Expanded Opportunity Grant	615,002	410,001
NDE Distance Education Incentive	615,002	-0-
NDE Behavioral Training Cash Fund	1,947,507	1,945,507
Nebraska Opportunity Grant (CCPE)	11,980,045	(820,000)
Community College Gap Assistance (CCPE)	922,503	(920,000)
Excellence in Teaching Cash Fund/Attracting Teachers (CCPE)	1,640,006	-0-
Career Readiness/ Dual Credit Fund	1,435,005	1,435,005
Annual Online Ed and Career Planning Tool	282,500	282,500
Access College Early Scholarship	461,002	461,000
Career Readiness/ Dual Credit	518,627	518,627
College Credit Testing Fees	172,875	172,875

LB 920 does not provide programmatic authority or specific insights to several of the newly created funds (e.g., Behavioral Training Cash Fund, Career Readiness and Dual Credit Education Cash Fund, College Credit Testing Fees), but Legislative Bills addressing these is expected to be introduced at a later time. The estimates of personnel, administrative and other costs are difficult to estimate, but the following information is provided for consideration.

Transfer of Funds:

- Transfer of resources to the Coordinating Commission for Postsecondary Education (CCPE) (estimated at \$1,640,006) for the Attracting Teachers and Teacher loan forgiveness programs and the related staff support.

Other Fiscal Considerations:

- Staff time associated with transition, records, contracts, renewals, systems, processes, auditing, and training associated with systems for managing program.
 - Estimated Operating Expenses \$50,000 (Legal, Accounting, Audit, Technology, etc.)
- Creation of system access to educator records, certification files, loan management requirements and systemic tracking of past recipients. Including Memorandums of Agreement, Privacy, Security and other considerations for the transition of AAEA/EETP.
 - Estimated Application Development costs to ensure access and integration to the Educator Licensing System, Staff System, and other processes essential to carry out the work of the transition. Contract \$35,000.
- Change of NDE Rule 22 to reflect the changes to National Certification program (\$1,200)
- Management of College Credit Testing Fee Fund and process
 - A similar program was once managed at NDE through federal resources that are no longer available. Processes and systems are still in place to facilitate a program Assume the College Fees Grant Fund includes at least a .5 FTE
 - Costs would be .5 FTE (\$32,489; Benefits 19,137; Operations 7,919; Travel 2,557)
- Management and Support of Behavioral Training Program and data collection process and program. This primarily could be a staff person in support of the Comprehensive School Health program and deficit request submitted in the general fund budget.
 - Costs would be 1 FTE (\$64,979; Benefits 38,274; Operations 15,838; Travel 5,115)
- Assume Innovation Grant Manager authority continues (1 FTE)
 - Costs would be 1 FTE (\$68,979; Benefits 38,880; Operations 15383; Travel 5,115)
- Assume Distance Education Incentives continues (.25 FTE)
 - Costs would be .25 FTE (\$16,244; Benefits 9,568; Operations 3,959; Travel 1,279)
- Removes the option to fund the College Readiness Exam (ACT) from the lottery resources (Education Improvement Fund) in 2021-22 and beyond.
 - (\$1,800,000) / Annual contract with ACT (Assume this becomes a General Fund expenditure added in the Appropriations Committee.
- Assume adding an FTE to manage the expansion of the Expanded Learning Opportunities Grant program.
 - Costs would be 1 FTE (\$64,979; Benefits 38,274; Operations 15,838; Travel 5,115)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate IV Transfer CCPE		1		(\$42,689)
Program Associate IV (Behavioral)		1		64,979
Program Associate III (College Fees)		.5		32,489
Project Manager I (Innovation Grant)		1		68,779
Program Associate IV (Distance Education)		.25		16,244
Program Associate IV (ELO Program)		1		64,979
Benefits.....				121,906
Operating.....				132,629
Travel.....				19,181

Capital outlay		
Aid		19,936,002
Capital improvements		
TOTAL		20,500,078

Section 2 of the bill amends § 9-836.01. Currently, funds from sales of tangible personal property related to the Lottery sold for profit are remitted to the State Treasurer for credit to the State Lottery Operation Trust Fund to be distributed to the Education Innovation Fund, Opportunity Grant Fund, and the Nebraska Education Improvement Fund, Nebraska Environmental Trust Fund, and the Compulsive Gamblers Assistance Fund. The bill adds more funds that will receive credit under this statute.

Sections 3 through 35 do not appear to impact DOR. Sections 36-39 establish several funds which are referenced in §§ 9-812 and 9-836.01.

It is estimated that this bill will have no impact on General Fund revenues.

It is estimated that there will be no cost to the Department to implement this bill.

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2020

LB⁽¹⁾ 920

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Coordinating Commission for Postsecondary Education

Prepared by: ⁽³⁾ Gary Timm Date Prepared: ⁽⁴⁾ 1/15/20 Phone: ⁽⁵⁾ 402-471-0020

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	2,126,250	(1,279,000)
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	2,125,250	(1,279,000)

Explanation of Estimate:

LB 920 redistributes the percentage transferred from lottery proceeds for education purposes and does not provide any new overall funding for education purposes. Any new or increased transfers to one fund will be offset by reduced transfers from another fund.

The Coordinating Commission for Postsecondary Education (Commission) administers three financial aid programs, 1) the Nebraska Opportunity Grant (NOG) program, which provides financial aid to low-income, Nebraska residents at postsecondary institution, 2) the Community College Gap Assistance (Gap) program, which provides financial aid to low-income, Nebraska residents enrolled in non-Pell eligible programs in high-need fields, and 3) the Access College Early (ACE) program, which provides financial aid to low-income, Nebraska high school students taking dual credit courses.

Beginning in fiscal year 2021-22, LB 920, Sec 1 reduces the percentage transferred from the lottery fund for education to the NOG and Gap funds. The existing cash fund balance in the NOG fund would be sufficient to maintain the current level of spending authority with no reduction in expenditures for the next budget cycle. The existing cash fund balance in the Gap fund would require a reduction of \$460,000 in expenditures for the next budget cycle, including 2021-22. Any necessary adjustments to spending authority for these two programs would be addressed in the 2021-23 CCPE budget request.

Also beginning in fiscal year 2021-22, LB 920, Sec 1 provides approximately \$461,000 in new funding for the ACE program, providing financial aid to low income students to take an additional 1,900 dual credit courses. Cash fund spending authority for aid payments in the amount of \$461,000 would need established. The commission believes the current level of administrative appropriations would be sufficient to handle the increase in student applications and awarding of additional financial aid dollars. Any necessary adjustments to spending authority for the ACE program would be addressed in the 2021-23 CCPE budget request.

<u>Aid Program</u>	<u>Current %</u>	<u>LB920 %</u>	<u>\$ Change</u>
NOG	62%	58.00%	\$(820,000)
Gap	9%	4.50%	\$(920,000)
ACE	0%	≈2.25%	\$ 461,000

LB 920, Sec. 10 through 22 transfers the duties and responsibilities of the Excellence in Teaching Act, including the Attracting Excellence to Teaching Program and the Enhancing Excellence in Teaching Program financial aid programs, from the Department of Education (Education) to the commission.

The Act provides loans to postsecondary students who are pursuing a degree in a shortage area of instruction and agree to complete a teacher education program and commit to teach in a Nebraska public or private school. This Act also provides loans to certified teachers enrolled in a graduate program and majoring in a shortage area or subject area. Teachers meeting specific location and shortage work requirements can have a portion of the loan forgiven each year. This program requires the commission to track compliance with loan covenants, collect and track repayments from loan recipients that are not in compliance, and potentially institute legal proceeding for non-payment.

The Department of Education’s current costs of operating the program were used to estimate the Commission’s administrative costs and financial aid requirements. With no attorney on staff at the commission, an additional \$25,000 for contractual legal services related to loan repayment and other program matters was included. A Program Associate would be needed to administer this program with estimated administrative and aid costs of: Salary \$45,000, Benefits \$21,000, Postage \$1,500, CIO Charges \$3,000, Rent \$3,000, Legal Services \$25,000, Aid \$1.5 million.

LB920, Sec. 1 transfers 2.5% of lottery funds for education to the newly-created Career-Readiness and Dual-Credit Education Cash Fund, estimated to be \$520,000. LB 920 does not provide programmatic authority but an LB addressing this is expected to be introduced at a later time.

The purpose of the Career Readiness and Dual Credit Education Task Force and Grant Program Act is: 1) to create and establish teacher education pathways enabling the instruction of dual credit courses and career and technical education courses 2) to correlate and prioritize teacher education pathways with Nebraska work force demand and data 3) to establish a grant or scholarship program for teachers enrolled in educational pathways leading to qualification to teach dual credit courses and career and technical education courses, and 4) to establish a directory of available teacher education pathways in Nebraska identified by sequence and location.

A Program Director would be needed to administer this program with estimated administrative and aid costs of: Salary \$55,000, Benefits \$22,200, Postage \$1,250, CIO Charges \$3,000, Rent \$3,000, Aid \$430,000.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Program Associate		1.0		45,000
Program Director		1.0		55,000
Benefits.....				61,100
Operating.....				39,750
Travel.....				
Capital outlay.....				
Aid.....				1,826,000
Capital improvements.....				
TOTAL.....				2,026,850

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2020

LB⁽¹⁾ 920

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Auditor of Public Accounts

Prepared by: ⁽³⁾ Mary Avery Date Prepared: ⁽⁴⁾ 01/14/2020 Phone: ⁽⁵⁾ 402-471-3686

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2020-21</u>		<u>FY 2021-22</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB 920, as currently written, changes provisions for the distribution of lottery funds used for education, transfer powers and duties. It requires reporting of information to the Auditor of Public Accounts starting September 20, 2022. The Auditor of Public Accounts shall then compile a summary of the reports and submit that to the Legislature before January 2023, thereafter.

Any work necessary will be absorbed using the existing appropriations of Agency 010, Auditor of Public. At this time, there would be no additional fiscal impact to Agency 010-Auditor of Public Accounts.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2020-21</u>	<u>2021-22</u>
	<u>20-21</u>	<u>21-22</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____